Core Question 2: Is the organization in sound fiscal health?

The Financial Performance Framework, outlined in Core Question 2, gauges both near term financial health and longer term financial sustainability while accounting for key financial reporting requirements.

2.1. Short-term Health: Does the school demonstrate the ability to pay its obligations in the next 12 months?

Indicator Targets	Does not meet standard	The school does not meet standard on 2 or more of the five sub-indicators shown below.
	Approaching standard	The school approaches standard for all 5 sub-indicators shown below, OR meet standard on 3 sub-indicators, while approaching on the remaining 2 OR meets standard on 4 sub-indicators, while not meeting standard for the final sub-indicator.
	Meets standard	The school meets standard for 4 sub-indicators shown below, while approaching standard on the final sub-indicator.
	Exceeds standard	The school meets standard for all 5 sub-indicators.

School Rating	Year 8	Year 9	Year 10	Year 11	Year12	Year 13	Year 14
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	ES						

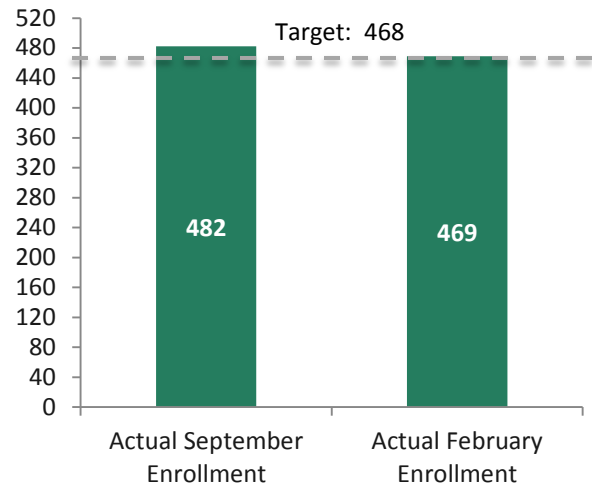| Sub-indicator Ratings	Sub-indicator	Sub-indicator targets		Result	Rating
	Enrollment Ratio	DNMS	Enrollment ratio is less than or equal to 89%	103%	MS
		AS	Enrollment ratio is between 90 – 98%		
		MS	Enrollment ratio equals or exceeds 99%		
	February Enrollment Variance	DNMS	Enrollment ratio is less than or equal to 89%	97%	MS
		AS	Enrollment ratio is between 90 – 95%		
		MS	Enrollment ratio equals or exceeds 95%		
	Current Ratio	DNMS	Current ratio is less than or equal to 1.0	6.83	MS
		AS	Current ratio is between 1.0 – 1.1		
		MS	Current ratio equals or exceeds 1.1		
	Days Cash on Hand	DNMS	Days cash on hand is less than or equal to 30	166	MS
		AS	Days cash on hand is between 30-45		
		MS	Days cash on hand equals or exceeds 45		
	Debt Default	DNMS	Default or delinquent payments identified	Meets	MS
		MS	Not in default or delinquent		

Avondale Meadows Academy **exceeded standard** for Core Question 2.1 for the 2013-14 school year.

Based on data from the September 2013 count day, the school had 482 students and met the enrollment targets stated in its charter agreement and as such **met standard** for this sub-indicator.
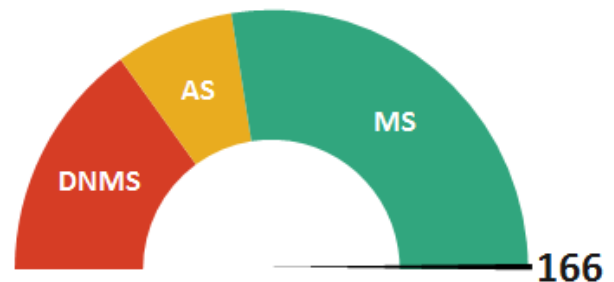
With February enrollment at 97% of September enrollment, the school **met standard** for this sub-indicator. Avondale Meadows Academy had more current assets than current liabilities (those due in the next 12 months) and as a result   **met standard** for this sub-indicator. Avondale Meadows Academy ended the year with 166 days of cash on hand. This means that if payments to the school had stopped or been delayed post June 30, 2014, the school would have been able to operate for 166 more days. As a result, the school **met standard** for this indicator.

Finally, the school successfully met its debt obligations based on the information that Fitzgerald Isaac, the school's auditor, provided. The school's creditors did not provide any communication to indicate anything to the contrary. Since the school met standard for all of the sub-indicators, it **exceeded standard** for core question 2.1.

Enrollment Variance Ratio

Target: 468

	Actual September Enrollment	Actual February Enrollment
	482	469

Days Cash on Hand

DNMS · AS · MS · 166

OEI

2.2. Long-term Health: Does the organization demonstrate long-term financial health?		
Indicator Targets	Does not meet standard	The school does not meet standard on any of the 3 sub-indicators **OR** meets standard on 1 sub-indicator but does not meet standard on the remaining 2.
	Approaching standard	The school meets standard on 2 of the sub-indicators while not meeting on the third, **OR** approaches standard on all 3 sub-indicators.
	Meets standard	The school meets standard on 2 of the sub-indicators and approaches standard on the third.
	Exceeds standard	The school meets standard for all 3 sub-indicators.

	Year 8	Year 9	Year 10	Year 11	Year12	Year 13	Year 14
School Rating	**2013-14**	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	ES						

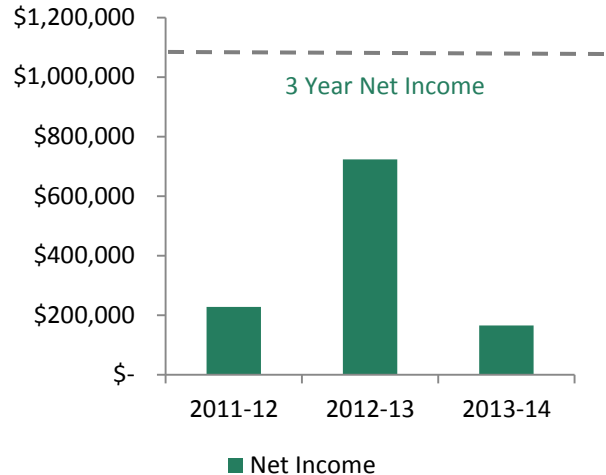| **Sub-indicator Ratings**	Sub-indicator		Sub-indicator targets			Result	Rating
	Aggregate Three-Year Net Income	DNMS	Aggregate 3-year net income is negative.			$1,117,279 (aggregate) $166,079 (current year)	MS
		AS	Aggregate 3-year net income is positive, but most recent year is negative.				
		MS	Aggregate three year net income is positive, and most recent year is positive.				
	Debt to Asset Ratio	DNMS	Debt to Asset ratio equals or exceeds .95			0.52	MS
		AS	Debt to Asset ratio is between .9 - .95				
		MS	Debt to Asset ratio is less than or equal to .9				
	Debt Service Coverage (DSC) Ratio	DNMS	DSC ratio is less than or equal to 1.05			4.96	MS
		AS	DSC ratio is between 1.05-1.2				
		MS	DSC ratio equals or exceeds 1.2				

Avondale Meadows Academy received a rating of **meets standard** for Core Question 2.2 for the 2013-14 school year.

The school **met standard** for the net income sub-indicator. It had an aggregate three-year net income of **$1,117,279** and a current year net income of **$166,079.**

The school also **met standard** on the debt to asset ratio sub-indicator. The school had a ratio of **.52** meaning that its total assets exceeded its total debts.

Lastly, the school **met standard** for the debt service coverage ratio. This ratio is important because it indicates that the school is financially prepared to cover its long-term debt obligations through the end of the 2014-15 school year.

Three-Year Net Income

3 Year Net Income

$1,200,000			
$1,000,000			
$800,000			
$600,000			
$400,000			
$200,000			
$-	2011-12	2012-13	2013-14

■ Net Income

2.3. Does the organization demonstrate it has adequate financial management and systems?		

Indicator Targets	Does not meet standard	The school does not meet standard on 1 of the sub-indicators.
	Approaching standard	The school meets standards on 1 sub-indicator, but approaches standard for the remaining sub-indicator.
	Meets standard	The school meets standard on both sub-indicators.

School Rating	Year 8	Year 9	Year 10	Year 11	Year12	Year 13	Year 14
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	DNMS						

Sub-indicator Ratings	Sub-indicator		Sub-indicator targets	Rating
	Financial Audit	DNMS	The school receives an audit with multiple significant deficiencies, materials weakness, or has an ongoing concern.	DNMS
		AS	The school receives a clean audit opinion with few significant deficiencies noted, but no material weaknesses.	
		MS	The school receives a clean audit opinion.	
	Financial Reporting Requirements	DNMS	The school fails to satisfy financial reporting requirements.	MS
		MS	The school satisfies all financial reporting requirements.	

Avondale Meadows Academy received a rating of **does not meet standard** for Core Question 2.3 for the 2013-14 school year.

The school **did not meet standard** for its annual accrual based audit because it received a material weakness in the OMB A-133 portion of its audit.   This portion of the audit focuses on the school's federal funds. The audit indicates that "previous year audit adjustments were not recorded, restricted contributions were not accounted for, expenses were recorded for the wrong year, certain assets were not being depreciated properly, and there was not sufficient separation of accounting data for another entity under common control". The school has responded to these concerns with the following: it has recorded previous audit adjustments and has committed to submitting audits to the State Board of Accounts withing 6 months of the lose of a fiscal year for subsequent fisal years; the school has committed to code restricted funds as needed and maintain documentation of any restricted donations in the business office; the school will continue to ensure that all expenses are recorded properly; the school will maintain a depreciation schedule and utilize straight-line depreciation to regularly update the schedule; the entity under common control is Vision Academy @ Riverside; the school separated finances for the two entities effective July 1,2014.

The school **met standard** for all of its reporting requirements. It should be noted, however, that the audit was submitted to the State Board of Accounts in January 2015, well after the November 30, 2014 deadline.